



Agenda Date: 1/9/02

Agenda Item: 4G

**STATE OF NEW JERSEY**

***Board of Public Utilities***

*Two Gateway Center  
Newark, NJ 07102*

**TELECOMMUNICATIONS**

IN THE MATTER OF THE PETITION FOR AN )  
ORDER AUTHORIZING LINE SYSTEMS, INC. )  
TO PROVIDE LOCAL EXCHANGE AND )  
INTEREXCHANGE TELECOMMUNICATIONS )  
SERVICES THROUGHOUT NEW JERSEY )

**ORDER OF APPROVAL**

DOCKET NO. TE00080619

(SERVICE LIST ATTACHED)

BY THE BOARD:

By letter dated August 1, 2000, Line System, Inc. (Petitioner or LSI) filed a petition with the Board of Public Utilities (Board) requesting authority to provide local exchange services throughout the State of New Jersey. On September 27, 2001, LSI amended this petition to include a request for authority to also provide interexchange services. LSI responded to a Staff questionnaire by letter dated June 28, 2001 and to Staff interrogatories by letter dated October 31, 2001.

According to the petition, Petitioner was incorporated under the laws of the State of Pennsylvania on February 4, 2000. Petitioner's principal offices are located at 520 Abbott Drive, Broomhall, Pennsylvania 19008. June 28, 2001 letter.

Petitioner submitted copies of its Articles of Incorporation, Pennsylvania Certificate of Good Standing and its New Jersey Certificate of Authority to Operate as a Foreign Corporation. Petition at 2, Exhibit A. June 28, 2001 letter. According to the petition and its amendment, LSI was formed to provide local exchange and interexchange services. Amended Petition at 1. Petitioner advised that it is currently authorized to provide facilities-based and resold local exchange and interexchange services in Pennsylvania. LSI advises that it has not been denied authority to provide telecommunications services in any state. In addition, LSI indicates that it has no pending civil, criminal, or administrative actions against it. LSI advised that it is not currently negotiating any interconnection agreements.

In its petition, Petitioner advised that it seeks authority to offer telecommunications services to both business and residential customers throughout New Jersey. Initially, LSI will provide dial tone access to the switched telecommunications network and various features and functions to small and medium sized business customers using the UNE-P platform. Amended Petition at 4. June 28, 2001 letter.

BPU DOCKET NO. TE00080619

Petitioner requested a waiver of N.J.A.C. 14:1-4.3, 14:1-5.15, 14:10-1.16 and N.J.S.A. 48:3-7.8, which require that its books and records be maintained in accordance with the Uniform System of Accounts (USOA) and within the State of New Jersey. Petitioner requested, in the interest of efficiency and to prevent undue burden, permission to maintain its books and records in accordance with Generally Accepted Accounting Principles (GAAP). Amended Petition at 5. October 31, 2001 letter. Petitioner also requested permission to keep all books, records, documents and other writings incident to the conduct of Petitioner's business in the State of New Jersey at Petitioner's corporate offices in Broomhall, Pennsylvania. Amended Petition at 5. October 31, 2001 letter. Petitioner also stated that, upon written notice from the Board, it will produce its books and records at such time and place within New Jersey as the Board may designate and will pay any reasonable expenses for examination of the records. Amended Petition at 5.

Petitioner asserted that approval of its petition will further the public interest by expanding the availability of competitive telecommunications services in the State of New Jersey. Petitioner also asserted that approval of this petition will provide New Jersey customers with access to new technologies and service choices and will permit customers to achieve increased efficiencies and cost savings. Amended Petition at 4.

With regard to its technical and managerial qualifications, LSI stated that it possesses the technical capability and managerial qualifications to operate and manage its telecommunications operations in the State of New Jersey. Amended Petition at 3. Petitioner submitted the professional biographies of its key personnel who, according to LSI, are well qualified to execute its business plans, and have extensive managerial and technical experience in the telecommunications industry. Amended Petition at 3, Exhibit D.

Petitioner has submitted, as evidence of its financial qualifications, a balance sheet and income statement as of June 30, 2001, and will need to file pro forma financials for the first two years of its New Jersey operations prior to approval of its tariff.

The Division of the Ratepayer Advocate recommended approval of this petition by letter dated December 27, 2000.

## DISCUSSION

On February 8, 1996, the federal Telecommunications Act of 1996, P.L. 104-104, 110 Stat. 56, codified in scattered sections of 47 U.S.C. §151 et seq., was signed into law, removing barriers to competition by providing that:

[n]o State or local statute or regulation, or other State or local legal requirement, may prohibit or have the effect of prohibiting the ability of any entity to provide any interstate or intrastate telecommunications service.

[47 U.S.C. §253(a)].

Therefore, Board approval of Petitioner's entry into the telecommunications marketplace is required, assuming Petitioner meets all other requirements, including, but not limited to, a demonstration of financial, technical and managerial integrity.

In considering this petition, the Board recognizes its obligation not to prohibit entry into intrastate telecommunications markets. 47 U.S.C. §253(a). Approval is also in keeping with the New Jersey State Legislature's decision that it is the policy of the State to provide diversity in the supply of telecommunications services, and its findings that competition will "promote efficiency, reduce regulatory delay and foster productivity and innovation" and "produce a wider selection of services at competitive market-based prices." N.J.S.A. 48:2-21.16(a)(4); N.J.S.A. 48:2-21.16(b)(1) and (3).

Therefore, having reviewed LSI's petition and the information supplied in support thereof, the Board FINDS that Petitioner has demonstrated that it possesses the requisite financial, technical and managerial resources, which are necessary to provide telecommunications services in New Jersey. Accordingly, the Board HEREBY AUTHORIZES Petitioner to provide local exchange and interexchange telecommunications services in New Jersey subject to approval of its tariff and the submission of pro forma financial statements for its New Jersey operations. The Board notes that Petitioner will not be able to provide telecommunications services until a tariff is approved by the Board and the required financial statements have been provided.

Regarding the Petitioner's request for waivers of Board rules, the Board FINDS that the Petitioner has demonstrated good cause why the Board should grant relief from its requirements that Petitioner maintain its books and records under the USOA and within New Jersey. Therefore, subject to the Petitioner's continuing responsibility to provide the Board its books and records upon 48 hours notice, and in the manner requested, and to pay to the Board any reasonable expenses or charges incurred by the Board for any investigation or examination of these books and records, the Board APPROVES Petitioner's request for the exemptions from maintaining its books and records in New Jersey and under the USOA. Regarding the Petitioner's request for confidential treatment of the financial information submitted, the Board FINDS that the Petitioner has shown good cause, pursuant to N.J.A.C. 1:1-14.1, that this information merits protection from disclosure in order to prevent competitive harm to the Petitioner. Therefore, the Board DIRECTS that this financial information be kept under seal.

DATED: 1/10/02

BOARD OF PUBLIC UTILITIES  
BY:

(signed)  
CONNIE O. HUGHES  
PRESIDENT

(signed)  
FREDERICK F. BUTLER  
COMMISSIONER

(signed)  
CAROL J. MURPHY  
COMMISSIONER

ATTEST:

(signed)  
HENRY M. OGDEN  
ACTING BOARD SECRETARY

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**Docket No. TE00080619**

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